

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01 CEQ-01
EPA-01 IO-13 NSF-01 NSCE-00 /118 W
-----110054Z 115314 /22

P 102355Z MAR 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC PRIORITY 2748
INFO AMCONSUL MONTREAL
ALL OTHER AMCONSULS CANADA

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PASS WHITE HOUSE/SCHLESINGER, FEA AND FPC

E.O. 11652: N/A
TAGS: ENRG, SENV, PINT, CA
SUBJECT: HEARINGS ON ALCAN PROJECT COULD DELAY GOC GAS
PIPELINE DECISION

REF: OTTAWA 21

1. SUMMARY: INDIAN AND NORTHERN AFFAIRS (DINA) MINISTER WARREN ALLMAND HAS NOT YET PICKED HEAD OF BERGER-TYPE ALCAN PIPELINE INQUIRY HE ANNOUNCED IN JANUARY. ALLMAND HAS PROMISED AN EARLY SUMMER REPORT BY ALCAN INQUIRY BUT UNLESS HE SPEEDS UP TEMPO ON THIS ELEMENT OF GAS PIPELINE DECISION PROCESS, GOC TIMETABLE COULD SLIP. ON OTHER HAND, IF INQUIRY IS RUSHED, GOC WILL BE VULNERABLE TO ATTACK BY PIPELINE OPPONENTS. END SUMMARY.

2. DINA MINISTER WARREN ALLMAND SAID IN HOUSE OF COMMONS MARCH 9 THAT GOC PLANS INQUIRY THIS SPRING INTO SOCIAL
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AND ECONOMIC IMPACT OF A NATURAL GAS PIPELINE THROUGH YUKON TERRITORY. (EMBASSY REPORTED ALLMAND'S INITIAL STATEMENT ABOUT THESE HEARINGS IN REFTEL.) ALLMAND TOLD HOUSE HE IS REVIEWING A NUMBER OF NAMES TO DETERMINE WHO WILL CONDUCT THE INQUIRY.

3. INQUIRY WILL FOCUS ON ALCAN PROJECT PROPOSED BY

FOOTHILLS PIPE LINES LTD. ALLMAND SAID HEARINGS WOULD NOT TAKE AS LONG AS BERGER INQUIRY HEARINGS ON MACKENZIE VALLEY LINE. HE EXPECTS HEARINGS IN YUKON COMMUNITIES TO BE COMPLETED IN EARLY SUMMER. HE SAID NO SPECIFIC TIMETABLE HAS YET BEEN SET.

4. SENIOR OFFICIAL AT DINA TOLD EMBOFF THAT HIS DEPARTMENT HAD BEEN TRYING TO GET THESE HEARINGS MOVING SINCE LATE LAST YEAR AND EXPRESSED SOME FRUSTRATION THAT IT IS NOW MARCH AND ALLMAND STILL HAS NOT GOT THIS KEY ELEMENT OF GOC PIPELINE DECISION PROCESS ON THE ROAD. HE SAID DELAY WILL RESULT IN RUSH TO FINISH IN TIME FOR GOC DECISION WHICH MUST BE MADE SOME TIME BEFORE SEPTEMBER 1 PRESIDENTIAL DECISION DATE MANDATED BY U.S. LAW.

5. DINA OFFICIAL CORROBORATED ALLMAND'S STATEMENT THAT YUKON INQUIRY WOULD NOT REQUIRE AS MUCH TIME AS BERGER HEARINGS BECAUSE:

A. BERGER SPENT A GREAT DEAL OF TIME CROSS-EXAMINING WITNESSES ON DETAILED TECHNICAL, ECONOMIC AND ENVIRONMENTAL QUESTIONS.

B. BERGER HEARINGS WERE VERY FORMAL AND LEGALISTIC -- "A LAWYERS FIELD DAY." ALCAN HEARINGS WILL BE QUITE INFORMAL.

C. MUCH OF TECHNICAL, ECONOMIC AND ENVIRONMENTAL INFORMATION GENERATED IN BERGER INQUIRY CAN BE APPLIED TO ALCAN PROJECT. (EMBASSY NOTE: ENVIRONMENTAL DATA ON LIMITED OFFICIAL USE

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ALCAN ROUTE COLLECTED BY NATIONAL ENERGY BOARD WOULD PRESUMABLY CONTRIBUTE TO FULFILLING ENVIRONMENTAL REVIEW REQUIREMENTS.)

D. WHEN BERGER INQUIRY WAS INITIATED CANADIAN LAW DID NOT REQUIRE OR PROVIDE FORMAT FOR ENVIRONMENTAL IMPACT STUDIES. ENVIRONMENTAL REVIEW THEREFORE INCLUDED IN CHARGE TO BERGER INQUIRY. LEGISLATION ENACTED SINCE BERGER HEARINGS BEGAN PERMITS CONDITIONAL APPROVAL OF PROJECTS BY GOC SUBJECT TO SAFEGUARDS WHICH MAY BE IMPOSED IF FURTHER ENVIRONMENTAL STUDY INDICATES THEY ARE WARRANTED. FULL-FLEDGED ENVIRONMENTAL STUDY WILL NOT BE REQUIRED BEFORE DECISION IN PRINCIPLE BY GOC, SO ENVIRONMENTAL REVIEW WILL NOT BE INCLUDED IN CHARGE TO ALCAN INQUIRY. ALCAN HEARINGS CAN THUS BE FOCUSED ALMOST EXCLUSIVELY ON SOCIAL AND ECONOMIC IMPACT AND WOUND UP QUICKLY, SOURCE SAID.

6. EMBASSY COMMENT: GIVEN RECENT HISTORY OF SCHEDULE SLIPPAGE IN BERGER AND NEB HEARINGS ON GAS PIPELINE, DINA'S FAILURE TO MOVE SMARTLY ON ALCAN PROJECT HEARINGS

IS DISTURBING. EMBASSY BELIEVES THAT IN VIEW OF HIS SLOWNESS SO FAR, ALLMAND MIGHT NOT BE ABLE TO DELIVER ON HIS PROMISE TO FINISH BY EARLY SUMMER. MOREOVER, IF DINA-SPONSORED INQUIRY GIVES PUBLIC IMPRESSION OF BEING A "QUICK AND DIRTY EXERCISE," WHICH DINA SOURCE SAYS IT WILL BE, THEN GOC MAY BE VULNERABLE TO ATTACK FROM PIPELINE OPPONENTS WHO ARE QUICK TO SEIZE UPON ANY APPARENT SHORT CIRCUITING OF DUE PROCESS IN GOVERNMENT CONSIDERATION OF PROJECT PROPOSALS, ESPECIALLY IF IT IS SEEN AS RESULT OF PRESSURE FROM U.S. (ATTACK ALONG THESE LINES HAS ALREADY BEEN LAUNCHED BY NDP MEMBER STUART LEGATT. DURING QUESTION PERIOD MARCH 10 HE ACCUSED ALLMAND OF HURRYING THE ALCAN INQUIRY TO MEET

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U.S. DEADLINE. LEGATT DEMANDED TO KNOW HOW ALCAN INQUIRY COULD BE WOUND UP BY EARLY SUMMER WHEN IT TOOK BERGER OVER THREE YEARS TO COMPLETE HEARINGS ON MACKENZIE ROUTE. ALLMAND'S ANSWER MORE OR LESS FOLLOWED RATIONALE IN PARA 4 ABOVE, AND IT SOUNDED RATHER LAME.) UNLESS GOC CAN SPEED UP THIS ELEMENT OF DECISION PROCESS, WHILE NOT SEEMING TO YIELD TO U.S. PRESSURE, ALCAN HEARINGS COULD DELAY FINAL GOC DECISION BEYOND PRESENTLY EXPECTED DATE. ENDERS

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